

PREDEVELOPMENT REIMBURSEMENT AGREEMENT

FOR THE

DIS PROJECT – WHEELER SITE

BETWEEN

**THE STATE OF WASHINGTON ACTING BY AND THROUGH THE DEPARTMENT
OF INFORMATION SERVICES**

AND

WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP

CONTRACT NO. A08-PSL-837

THIS PREDEVELOPMENT REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of the 27 day of December, 2007 (the “Effective Date”), by and between The State of Washington, acting by and through the Department of Information Services (“DIS”) (“State”) and Wright Runstad Associates Limited Partnership, a Washington limited partnership (“Developer”) (hereinafter collectively the “Parties”).

WITNESSETH:

WHEREAS State published a Request for Proposals #A08-RFP-020 (the “RFP”) with respect to selection of a developer to develop a complex of offices, data center, garage(s) and other improvements to be known as the DIS Project – Wheeler Site (“Project”) to encompass approximately:

- Office Building # 1 for DIS: 120,000 Gross SF
- Data Center Complex 166,000 Gross SF
 - o 100,000 gsf in “link” building (offices, storage, production and studio)
 - o 66,000 gsf (data halls)
- Office Building #2 for Washington State Patrol & small agency offices: 175,000 Gross SF
- Parking: Approximately 800 total
 - o 700 secured; structured or open air parking
 - o 100 surface or unsecured stalls
- Site work: 7.6 acres on property currently owned by the State of Washington known as the Wheeler Site (the “Property”); and

WHEREAS, based upon its response to the RFP, Developer has been selected as the developer of the Project, subject to execution of a Development Agreement with the owner of the Project, which will be a separate nonprofit corporation ("Project Owner"); and

WHEREAS, Developer and State desire to proceed with certain predevelopment activities required for the Project in order to timely proceed with the Project development schedule. DIS will reimburse Developer for predevelopment activities, more fully identified in Exhibit A hereto ("Predevelopment Activities") up to a maximum of \$6,976,000 ("Total Reimbursement"), as set forth in the budget attached hereto as Exhibit B. DIS has no obligation to reimburse Developer for predevelopment activities in excess of this maximum amount; and

WHEREAS the expenditures for the Predevelopment Activities are necessary expenses that the Developer will incur in order to proceed with the timely development of the Project; and

WHEREAS, State agrees that in order to ensure that this Project proceeds in a timely fashion, the State will reimburse Developer for the Predevelopment Activities, as set forth in this Agreement; and

WHEREAS, State will be reimbursed by the Project Owner from financing obtained by the Project Owner for the Project for the amounts State pays Developer for Predevelopment Activities and for certain other State costs.

NOW, THEREFORE, the Parties agree as follows:

SECTION 1. PERIOD OF PERFORMANCE

From the date of execution of this Agreement, Developer shall have 180 calendar days ("Period of Performance") to complete the Predevelopment Activities, unless this Agreement is extended or terminated earlier by State pursuant to the terms and conditions contained herein.

SECTION 2. ADMINISTRATION AND SUPERVISION

A. Developer. Developer represents that it has, or will obtain, either directly or through third party contracts, all personnel necessary to perform the services required under this Agreement and that such personnel shall be qualified, experienced and licensed as may be necessary or required by applicable laws and regulations to perform such services. Developer acknowledges that the experience and skill of the following Key Personnel was and continues to be an important factor in DIS's selection of Developer to perform the work: H. Jon Runstad, Chairman and Chief Executive Officer; and Cindy Edens, Vice President and Director of Development. The Key Personnel (Edens as Project Manager and Runstad in a supervisory role) shall be assigned to the Project so long as such Key Personnel are employed by Developer.

Subject to Section 5.C below, Developer agrees that it shall take no fees or other consideration for its efforts under this Agreement. All funds and fees payable hereunder are to be paid by Developer to Developer's consultants and other Development Team Members identified in Exhibit B to this Agreement for their Predevelopment Activities hereunder.

B. State. Management and general supervision for this Agreement on behalf of the State is the responsibility of DIS.

1. The Director of DIS, Gary Robinson, and his designee as may be identified in writing at the time of execution of this Agreement, are the only authorized DIS personnel who may sign amendment(s) and authorize changes to the Total Reimbursement and Period of Performance.

2. An employee of DIS, Sally Alhadeff ("Project Representative"), shall perform day-to-day management of this Agreement for the State. The Project Representative shall review all requests for payment and forward them to Connie Robins, the DIS Assistant Director for Management Services, for approval. The Project Representative shall authorize termination or modification of the Predevelopment Activities set forth in Exhibit A, and approve in writing changes to the task budgets set forth in Exhibit B, provided the changes do not increase the Total Reimbursement or Period of Performance. The Project Representative shall also be responsible for determining when Developer has satisfactorily performed all work and for ensuring that Developer complies with all provisions of this Agreement.

SECTION 3. SCOPE OF WORK

A. Developer agrees that it will perform the Predevelopment Activities set forth in Exhibit A attached hereto and incorporated herein by this reference. If the Project is not ultimately developed, all work product prepared by Developer or any other Development Team Members shall become the property of and shall be owned by State. Developer and State agree that all data and work products prepared by Developer or any other Development Team Members (collectively called "Work Product") produced pursuant to this Agreement shall be considered work made for hire under the U.S. Copyright Act, 17 U.S.C. §101 et seq., and shall be owned by State. If for any reason the Work Product would not be considered a work made for hire under applicable law, Developer assigns and transfers to State the entire right, title and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.

B. State shall make available to Developer, without cost, copies of plans, drawings, survey notes, studies, soil reports, and other relevant data relating to the "Wheeler Site" Property which are readily available and on file at DIS. These documents are available solely as additional information to Developer and do not relieve Developer of its duties and obligations under this Agreement nor constitute any representation or warranty by State as to conditions or other matters related to the Project. It shall be the sole responsibility of Developer to gather and become familiar with all site information including existing improvements.

C. It is anticipated by the Parties that the costs of the Project, including costs hereunder, will be paid and/or reimbursed to the Parties by a nonprofit corporation from the proceeds of tax exempt bonds to be issued by the nonprofit corporation. Costs incurred under this Agreement are limited to those costs incurred for the acquisition, construction or equipping of real and/or personal property, and are intended to be only those that are eligible to be reimbursed from the proceeds of tax exempt bonds to be issued by the nonprofit corporation. The Parties will exercise commercially reasonable efforts to assist in the tax exempt bond

issuance process. However, neither Party warrants that the bonds will be issued, nor that the proceeds of such bonds will be sufficient to complete the Project.

SECTION 4. RESPONSIBILITY OF DEVELOPER

A. Developer shall perform its work in conformity with generally accepted professional standards applicable to the types of services and work provided hereunder. Developer shall, without additional compensation, correct or revise or coordinate the revisions of any errors, omissions or other deficiencies in any plans, designs, drawings, specifications, reports and other services provided hereunder by Developer or any other Developer Team Member. DIS acknowledges, however, that much of the work product to be produced by Developer and the Developer Team Members under this Agreement are not intended to be final products (e.g., schematic design drawings) and will by their nature be subject to further revision and refinement.

B. DIS's review or acceptance of plans, drawings, designs, specifications, reports, and other products of the professional and other services rendered hereunder shall not in any way relieve Developer of responsibility for the technical adequacy or accuracy thereof; provided that the requirements identified by DIS are accurately defined and correct. Neither DIS's review or acceptance of, nor payment for, any of the Predevelopment Activities shall be construed to operate as a waiver of any rights of State under this Agreement or of any cause of action arising out of the performance of this Agreement.

C. Developer shall comply with all federal, state and local laws, regulations and ordinances applicable to the work and services to be performed under this Agreement.

SECTION 5. COMPENSATION

A. Subject to the provisions set forth in this Agreement, State shall pay Developer on a monthly basis for authorized and satisfactorily completed Predevelopment Activity work and services rendered under this Agreement. Such payment shall be full compensation for work performed and services rendered, including costs and expenses, for all supervision, labor, supplies, materials, equipment or use thereof, taxes, and for all other necessary incidentals, but in no case shall such payment exceed the earned value (i.e., percentage of work completed) as reasonably determined by DIS. The amount to be paid to Developer shall be computed as hereinafter set forth; provided, that such payment shall not exceed a maximum amount of Six Million Nine Hundred Seventy-Six Thousand Dollars (\$6,976,000) ("Total Reimbursement"), unless such amount is increased by written amendment to this Agreement. In the event the cost of the Predevelopment Activities performed by Developer hereunder exceeds the Total Reimbursement, Developer shall pay such excess costs from its own funds, and State shall not be required to pay any part of such excess costs and Developer shall have no claim against State for excess costs.

B. No advance payment shall be made for services furnished by Developer pursuant to this Agreement.

C. Nothing in this Agreement shall preclude Developer and the Project Owner from negotiating a Development Agreement that reimburses Developer for non-reimbursed excess costs, overhead allowance, and fees associated with any work performed on the Project, so long

as such excess costs, overhead allowance and fees do not exceed the budgeted amount for the expense line item and the fees contained in the Developer's Response to the RFP.

D. Developer shall submit draw invoices to State on a monthly basis with a description of the Predevelopment Activities performed to date since the prior invoice request was submitted, the cost thereof, and reasonable supporting documentation consistent with commercial draw requests submitted to institutional lenders, including copies of all invoices submitted by the authorized subconsultants and subcontractors. Within thirty (30) days following receipt of an approved invoice, State shall pay the amount of the invoice so approved. Developer shall not be entitled to any fees for its services under this Agreement and shall have no claim against State for payment thereof. All payments made hereunder by State shall be paid by Developer to Developer's consultants and other Development Team Members for their authorized Predevelopment Activities. Upon request by DIS, Developer shall provide proof of payment of invoices submitted by Development Team Members, the amount of which was included and paid as part of a prior invoice request.

SECTION 6. TAXES

A. State shall pay sales and use taxes, if any, imposed on the Predevelopment Activities performed by Developer under this Agreement. Developer shall pay all other taxes including, but not limited to, Washington State Business and Occupation Tax, other taxes based on Developer's income or gross receipts, or personal property taxes levied or assessed on Developer's personal property.

B. Developer shall complete registration with the Washington State Department of Revenue and shall be responsible for payment of all taxes due on payments made under this Agreement.

C. All payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance, or other expenses for Developer or Developer's staff shall be Developer's sole responsibility.

SECTION 7. TERMINATION OF AGREEMENT

A. Termination for Default. Either party may terminate this Agreement in writing if the other party substantially fails to fulfill any of its obligations under this Agreement through no fault of the party initiating termination and such default continues for thirty (30) days after written notice of such default is delivered to the non-performing party. In the event of such termination:

1. State will be liable only for payment in accordance with the terms of this Agreement for services satisfactorily rendered prior to the effective date of termination. Under no circumstances shall payments made under this provision exceed the Total Reimbursement set forth in this Agreement.

2. Developer shall cease to provide further services pursuant to the Agreement.

B. Termination for Convenience. State may terminate this Agreement for its convenience at any time upon thirty (30) days' prior written notice to Developer.

1. In such event, State shall only be responsible to pay an amount for services satisfactorily performed prior to the effective date of termination. Under no circumstances shall payments made under this provision exceed the Total Reimbursement set forth in this Agreement.

2. Developer shall cease to provide further services pursuant to this Agreement

C. Upon receipt of a termination notice under Paragraph A or B above, Developer shall at no additional cost to State: (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) promptly deliver or otherwise make available to State all data, drawings, specifications, calculations, reports, estimates, summaries, such other information and materials as Developer or subconsultants may have accumulated in performing this Agreement, whether completed or in progress.

D. If, after termination for failure of Developer to fulfill contractual obligations under Paragraph A, it is determined that Developer has not so failed, the termination shall be deemed to be a Termination for Convenience of State pursuant to Paragraph B of this Section. In such event, any payment due Developer shall be determined as set forth in Paragraph B of this Section.

SECTION 8. SUBCONTRACTS

A. DIS hereby authorizes Developer to subcontract with the persons and firms listed in Exhibit B, which is incorporated by this reference, and with such additional subcontractors or subconsultants as may be reasonably approved in writing by DIS's Project Representative, provided that with respect to any such additional subcontractors or subconsultants being paid \$250,000 or more under this Agreement, the approval of DIS's Project Representative may be withheld in her sole discretion.

B. Developer shall submit monthly reports detailing all work completed by subcontractors or subconsultants during the preceding month and copies of all invoices relating thereto. In no event shall the existence of a subcontract operate to release or reduce the liability of Developer to DIS for any breach in the performance of Developer's duties.

SECTION 9. COMPLIANCE WITH CIVIL RIGHTS LAWS

During the performance of this Agreement, Developer shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. §12101 *et seq.*; the Americans with Disabilities Act (ADA); and Title 49.60 RCW, Washington Law Against Discrimination. In the event of Developer's noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, this Agreement may be rescinded, canceled, or terminated in whole or in part under the Termination for Default section.

SECTION 10. AUDIT AND ACCESS TO RECORDS

A. Developer and its subcontractors and subconsultants shall maintain books, records, documents and other evidence relating to this Agreement, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature invoiced in the performance of this Agreement. Developer shall retain all such records for six (6) years after the expiration or termination of this Agreement. Records involving matters in litigation related to this Agreement shall be kept for either one (1) year following the termination of litigation, including all appeals, or six (6) years from the date of expiration or termination of this Agreement, whichever is later.

B. All such records shall be subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by DIS and/or the Office of the State Auditor at no additional cost to the State. During the term of this Agreement, Developer shall provide access to these items within Thurston County. Developer shall be responsible for any audit exceptions or disallowed costs incurred by Developer or any of its subcontractors or subconsultants.

C. Developer shall incorporate in its subcontracts this section's records retention and review requirements.

D. It is agreed that books, records, documents, and other evidence of accounting procedures and practices related to Developer's cost structure, including overhead, general and administrative expenses, and profit factors shall be excluded from review unless the cost or any other material issue under this Agreement is calculated or derived from these factors.

SECTION 11. RIGHT OF INSPECTION

A. Developer shall provide right of access to its books and records related to the Project to DIS, or any of DIS's officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Agreement.

SECTION 12. PROHIBITED INTERESTS

No official, officer or employee of DIS, during such person's tenure or two (2) years thereafter, shall have any interest, direct or indirect, in this Agreement or the proceeds thereof unless such interest has been disclosed in writing to DIS and DIS has determined that no prohibited conflicts of interest or ethical violations inhere in the circumstances. Failure of Developer to disclose such information to DIS may result in Termination of this Agreement pursuant to RCW 42.52. DIS may terminate this Agreement by written notice to Developer if DIS determines, after due notice and examination, that any party has violated chapter 42.52 RCW, Ethics in Public Service, or any other laws regarding ethics in public acquisitions and procurement and performance of contracts. In the event this Agreement is so terminated, DIS shall be entitled to pursue the same remedies against Developer as it could pursue in the event Developer breaches this Agreement.

SECTION 13. CONTINGENT FEES, GRATUITIES & CONFLICTS OF INTEREST

Developer agrees as follows:

A. Developer warrants and covenants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees. For breach or violation of this warranty State shall have the right to annul this Agreement without liability or in its discretion to deduct from the Total Reimbursement or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

B. Developer warrants and covenants that no gratuities, in the form of entertainment, gifts or otherwise, have been or will be offered or given by Developer or any of its agents, employees or representatives to any official, officer or employee of State or DIS in an attempt to secure a contract or favorable treatment in awarding, amending or making any determination related to the performance of this Agreement.

SECTION 14. LEGAL RELATIONS

A. Developer shall comply, and shall ensure its subcontractors and subconsultants comply, with all the terms of this Agreement and all federal, state and local laws, regulations and ordinances applicable to the work and services to be performed under this Agreement.

B. In performing work and services hereunder, Developer and its subcontractors, subconsultants, and their respective employees, agents and representatives shall be acting as independent contractors and shall not be deemed or construed to be employees or agents of the State in any manner whatsoever. Developer shall not hold itself out as, nor claim to be, an officer or employee of State or DIS by reason hereof and will not make any claim, demand or application to or for any right or privilege applicable to an officer or employee of the State pursuant to chapter 41.06 RCW. Developer shall be solely responsible for any claims/costs and/or losses arising from Developer's failure to pay wages, compensation, benefits or taxes and/or pay for services, supplies and/or materials provided by Developer, its subcontractors and subconsultants and their respective employees, agents and representatives, and will protect, defend, indemnify and hold State and its officers, officials, agents and employees harmless therefrom.

C. No party shall be liable for damage or claims which arise from or relate to the performance or non-performance of this Agreement by the other party. Each party shall be responsible only for its breach of its obligations under this Agreement and for the negligent or intentional acts or omissions of its officers, partners, employees or agents, and no party shall be considered an agent of the other. To the maximum extent permitted by law, Developer agrees to indemnify and save harmless the State, its officers, officials, agents and employees from and against any and all suits, claims, demands, actions, losses, costs, penalties and damages to the extent caused by the negligent act, error or omission or intentionally wrongful act, error or omission, or breach of contract in the performance of work or services by or on behalf of Developer to the maximum extent permitted by law or as defined by RCW 4.24.115, as now

enacted or as hereinafter amended. This obligation includes a duty to satisfy any judgment rendered in connection therewith or to pay or reimburse the payment by the State or DIS of any reasonable sums to settle such suits, claims, actions, losses, costs, penalties and damages. Developer further agrees to assume the defense of State and its officers, officials, agents and employees in all legal or claim proceedings arising out of, in connection with, or incident to work or services performed by or on behalf of Developer or any Developer Team Member, to pay all defense expenses, including reasonable attorneys' fees, expert fees and costs incurred by State or DIS directly or indirectly on account of such litigation or claims. In the event of litigation between the parties to enforce the rights under this paragraph, reasonable attorney fees shall be allowed to the substantially prevailing party.

D. This indemnification obligation shall include, but is not limited to, all claims against State by an employee or former employee of Developer or its subconsultants and subcontractors, and Developer expressly waives as respects State only, all immunity and limitation on liability under any industrial insurance act, including Title 51 RCW, other worker's compensation act, disability benefit act, or other employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim. The waiver of this immunity was mutually negotiated by the parties.

E. Time is of the essence of this Agreement.

F. The indemnification, protection, defense and save harmless obligations contained herein shall survive the expiration, abandonment or termination of this Agreement.

SECTION 15. INSURANCE

A. Developer shall, during the term of this Agreement, procure and maintain in full force and effect, the insurance described in this section. Developer shall acquire such insurance from an insurance carrier or carriers licensed to conduct business in the state of Washington and having a rating of A-, Class VII or better, in the most recently published edition of *Best's Reports*. In the event of cancellation, non-renewal, revocation or other termination of any insurance coverage required by this Agreement, Developer shall provide written notice of such to DIS within one (1) Business Day of Developer's receipt of such notice. Failure to buy and maintain the required insurance may, at State's sole option, result in this Agreement's termination.

B. The minimum acceptable limits shall be as indicated below, with no deductible (except as noted below) for each of the following categories:

1. Commercial General Liability covering the risks of bodily injury (including death), property damage and personal injury, including coverage for contractual liability, with a limit of not less than \$1 million per occurrence/\$2 million general aggregate;

2. Business Automobile Liability (owned, hired, or non-owned) covering the risks of bodily injury (including death) and property damage, including coverage for contractual liability, with a limit of not less than \$1 million per accident;

3. Employers Liability insurance covering the risks of Developer's employees' bodily injury by accident or disease with limits of not less than \$1 million per accident for bodily injury by accident and \$1 million per employee for bodily injury by disease;

4. Umbrella policy providing excess limits over the primary policies in an amount not less than \$3 million; and

5. In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided by the provider of the services in question. "Professional Services", for the purpose of this Section shall mean any services provided by a licensed professional.

C. Developer shall be responsible for the payment of all premiums on all insurance policies. Any deductibles or self-insured retentions must be declared to and approved by State, such approval not to be unreasonably withheld. The deductible and/or self-insured retention under said policies shall be the sole responsibility of Developer. Such insurance policies shall name the State and its officers, officials, employees and agents as additional insureds on all general liability, automobile liability, and umbrella policies. Such policies shall also reference this Agreement number [XXX-XXX-XXX] and shall have as a condition that they not be revoked by the insurer until forty-five (45) calendar days (ten (10) days for nonpayment of premiums) after notice of intended revocation thereof shall have been given to State by the insurer.

D. The general liability, automobile liability, employers liability and umbrella liability insurance provided by Developer shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State and shall include a severability of interests (cross-liability) provision.

E. Developer shall furnish separate certificates of insurance and endorsements for each subcontractor or subconsultant. Subcontractor(s) and subconsultant(s) shall comply fully with insurance requirements for general liability, automobile liability and employers liability coverages stated herein. Failure of subcontractor(s) and subconsultant(s) to comply with insurance requirements does not limit Developer's liability or responsibility under this Agreement.

F. Developer shall furnish to DIS copies of certificates of all required insurance prior to commencing work under this Agreement, and copies of renewal certificates of all required insurance within thirty (30) days prior to the renewal date. These certificates of insurance must expressly indicate compliance with each and every insurance requirement specified in this Section. Failure to provide evidence of coverage may, at State's sole option, result in termination of this Agreement.

G. By requiring insurance herein, State does not represent that coverage and limits will be adequate to protect Developer. Such coverage and limits shall not limit Developer's liability under the indemnities and reimbursements granted to State in this Agreement.

SECTION 16. INDUSTRIAL INSURANCE COVERAGE

Prior to performing work under this Agreement, Developer shall provide or purchase industrial insurance coverage for its employees, as may be required of an "employer" as defined in Title 51 RCW, and shall maintain full compliance with Title 51 RCW during the course of this Agreement. State will not be responsible for payment of industrial insurance premiums or for any other claim or benefit for Developer, or any of Developer's subcontractors or subconsultants or any of their respective employees, which might arise under the industrial insurance laws during the performance of duties and services under this Agreement.

SECTION 17. DISPUTES AND REMEDIES

A. In the event a bona fide dispute concerning a question of fact arises between State and Developer and it cannot be resolved between the parties, either party may initiate the dispute resolution procedure provided herein.

B. The initiating party shall reduce its description of the dispute to writing and deliver it to the responding party. The responding party shall respond in writing within three (3) business days. The initiating party shall have three (3) business days to review the response. If after this review a resolution cannot be reached, both parties shall have three (3) business days to negotiate in good faith to resolve the dispute.

C. If the dispute cannot be resolved after three (3) business days, a Dispute Resolution Panel may be requested in writing by either party who shall also identify the first panel member. Within three (3) business days of receipt of the request, the other party will designate a panel member. Those two panel members will appoint a third individual to the Dispute Resolution Panel within the next three (3) business days.

D. The Dispute Resolution Panel will review the written descriptions of the dispute, gather additional information as needed, and render a decision on the dispute in the shortest practical time.

E. Each party shall bear the cost for its panel member and share equally the cost of the third panel member.

F. Both parties agree to exercise good faith in dispute resolution and to settle disputes prior to using a Dispute Resolution Panel whenever possible.

G. Unless irreparable harm will result, neither party shall commence litigation against the other before the Dispute Resolution Panel has issued its decision on the matter in dispute.

H. State and Developer agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Agreement that are not affected by the dispute.

I. If the subject of the dispute is the amount due and payable by State for services being provided by Developer, Developer shall continue providing services pending resolution of

the dispute provided DIS pays Developer the amount DIS, in good faith, believes is due and payable, and places in escrow the difference between such amount and the amount Developer, in good faith, believes is due and payable.

SECTION 18. NOTICES

Any notice required to be given under the terms of this Agreement shall be directed to the party at the address set forth below. Notices shall be considered issued and effective upon receipt thereof by the addressee-party or seventy-two (72) hours after mailing to the place of business set forth below, whichever is earlier.

State:

Sally Alhadeff, Project Manager
Jefferson Building
1110 Jefferson Street Southeast
Olympia, WA 98504-2445
Fax: 360-664-0733
sallya@dis.wa.gov

Developer:

Wright Runstad Associates Limited Partnership
Attn: Cindy Edens or H. Jon Runstad
1201 Third Avenue, Suite 2700
Seattle, WA 98101
Fax: 206-223-8791
cedens@wrightrunstad.com

SECTION 19. ENTIRETY, AMENDMENT AND EXECUTION OF AGREEMENT

A. This Agreement merges and supersedes all prior negotiations, representations and agreements between the Parties relating to the subject matter hereof and constitutes the entire agreement between the Parties with respect to Predevelopment Activities.

B. This Agreement may be amended only by written instrument signed by the Parties hereto.

C. This Agreement may be executed in counterparts or in duplicate originals. Each counterpart or each duplicate shall be deemed an original copy of this Agreement signed by each party, for all purposes.

SECTION 20. NO THIRD PARTY RIGHTS

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than State and Developer. None of the rights or obligation of the Parties herein set forth (or implied) is intended to confer any claim, cause of action, remedy, defense, legal justification,

indemnity, contribution claim, set-off, or other right whatsoever upon or otherwise inure to the benefit of any contractor, architect, subcontractor, subconsultant, worker, supplier, mechanic, insurer or other third parties having dealings with either of the Parties hereto or involved in any manner, in the Project.

SECTION 21. REMEDIES NOT EXCLUSIVE

The remedies provided for in this Agreement shall not be exclusive but are in addition to all other remedies available under law.

SECTION 22. JURISDICTION AND VENUE

This Agreement and all provisions hereof shall be interpreted in accordance with the laws of the State of Washington in effect on the date of execution of this Agreement. The Superior Court of Thurston County, State of Washington shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

SECTION 23. ASSIGNMENT

Developer shall not assign any interest, obligation or benefit in this Agreement or transfer any interest in the same, whether by assignment or novation, without the prior written consent by State, which consent may be withheld by State in its sole and absolute discretion; provided, however, that claims for money due or to become due to Developer from State under this Agreement may be assigned to a bank, trust company or other financial institution without such approval. Notice of any such claim assignment shall be furnished promptly to State. The foregoing shall not prohibit Developer from entering into subcontracts for any of its obligations hereunder.


IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective authorized officers or representatives as of the day and year first above written.

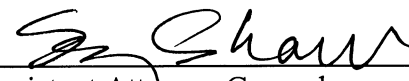
"State"

STATE OF WASHINGTON

Acting through its Department of Information
Services

APPROVED AS TO FORM ONLY:

By: 
Gary Robinson
Its Director


Assistant Attorney General
Washington Attorney General's Office

"Developer"

WRIGHT RUNSTAD ASSOCIATES
LIMITED PARTNERSHIP

By: Wright Runstad & Company, its general
partner

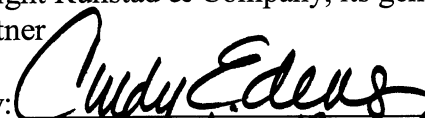
By: 
Its: SR. Vice President

EXHIBIT A PREDEVELOPMENT ACTIVITIES

The Predevelopment Activities for the Project include:

1. Project Design and Budget Updates.

Developer shall consult with DIS and oversee all design work done by architects, engineers, and other design professionals and consultants for the design and development of the Project. Developer shall expeditiously review design documents during their development and provide advice on proposed site use and improvements, selection of materials, building systems and equipment and methods of Project delivery.

Developer shall consult with DIS and oversee architects, engineers, and other design professionals and consultants regarding the site layout concepts, early design documents, schematic design approaches, design development documents and construction documents and make recommendations whenever design details adversely affect constructability, cost or schedules.

Developer shall provide recommendations on relative feasibility of construction methods, availability of materials and labor, and time requirements for procurement, installation, construction and factors related to construction costs including, but not limited to, costs of alternative designs or materials, budgets and possible economics.

Not less than twice each month, by the fifteenth (15th) day and the last day of each month, the Developer shall update and submit the latest estimate of Project Costs, Project Budget and the Project Schedule for DIS approval.

2. Entitlements, Permits & Approvals.

Developer shall select and coordinate all professional services of architects, engineers, surveyors, special consultants and testing laboratories required for development of the Project.

Developer shall apply for and obtain any and all environmental, land use and construction permits and approvals necessary to develop the Project.

3. Project Schedule & Efforts Leading Towards Closing and Construction of the Project.

Developer shall prepare and periodically update the Project Schedule for DIS's acceptance. Developer shall obtain the Architect's approval for the portions of the preliminary Project Schedule relating to the performance of their services. Developer shall coordinate and integrate the Architect's services into the Project Schedule and Developer's and Project Owner's responsibilities with anticipated construction schedules, highlighting critical and long lead time items.

Developer shall prepare a Project Schedule providing for the components of the work and shall consult with the general contractors in connection with the preparation and updating of the

Project Schedule, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products requiring long lead time, and the occupancy requirements of DIS.

Developer shall cause the general contractors to establish the assignment of responsibilities for temporary Project facilities and equipment, materials and services for common use of the contractors. Developer shall verify that such requirements and assignment of responsibilities are included in the proposed contract documents.

Developer shall cause the general contractors to determine the division of the Project into individual subcontracts for various categories of work, including the method to be used for selecting Subcontractors and awarding subcontractor contracts. Developer shall cause the general contractors to review the Construction Documents as required to provide that (1) the work of the general contractors and their subcontractors is coordinated; (2) all requirements for the Project have been assigned to the appropriate general or subcontractor contract; (3) the likelihood of jurisdictional disputes has been minimized; and (4) proper coordination has been provided for phased construction.

Developer shall work with the general contractors to expedite and coordinate the ordering and delivery of materials requiring long lead times.

Developer shall cause the general contractors to provide an analysis of the types and quantities of labor required for the Project and shall review with the general contractors the availability of appropriate categories of labor required for critical phases. Developer shall make recommendations for actions designed to minimize adverse effects of labor shortages.

With respect to portions of the work which Developer elects to submit to competitive bidding, Developer shall direct the general contractors to develop bidders' interest in the Project, establish bidding procedures, issue bidding documents to bidders and conduct pre-bid conferences with prospective bidders. Developer shall cause the general contractors to submit the list of prospective subcontractors or bidders for review by Project Owner and DIS. DIS shall have the right to reject any bidder if good cause exists for such rejection. Developer shall assist the general contractors with respect to questions from bidders and the issuance of addenda.

Developer and general contractors shall receive bids, prepare bid analyses and award contracts or reject bids. The foregoing shall not obligate Developer to submit any portion of the work to public bidding, and Developer may direct the general contractors to negotiate any portion of the work with qualified subcontractors.

Developer agrees to pay or cause its general contractors and subcontractors to pay State prevailing wages as defined in RCW Chapter 39.12.

4. Administration.

- 4.1 Administrate all activities required in sections 1, 2, & 3 above.
- 4.2 Establish an accounting system to monitor all subcontractor and Project costs and provide cash flow projections for the term of the project;
- 4.3 Prepare a monthly report to document all design decisions; permit status; consultant contracts and Project costs (if applicable);
- 4.4 Review and approve payment of all consultant invoices;
- 4.5 Prepare a monthly summary of Project costs, submit to DIS with a request for payment and oversee disbursement of funds.

EXHIBIT B
DIS Project - Wheeler Site
BUDGET

	<u>Consultant / Vendor</u>	<u>Thru Bonds Closing Projected May '08</u>	<u>Bid Amount</u>	<u>% Complete</u>
Architect	Nbbj	2,886,000	4,800,000	60%
Structural Engineer	Kpff plus Steel Mill Detailer	600,000	800,000	75%
Civil Engineer	Parametrix	252,000	315,000	80%
Electrical Engineer	Cochran Electric	275,000	520,000	53%
Mechanical Engineer	University Mechanical	600,000	1,060,000	57%
Oversight	Peer Review of engineering for data systems	25,000	200,000	13%
Curtainwall	Curt Anderson	3,000	20,000	15%
Graphics	Olive Design	9,000	75,000	12%
Elevators	Lerch Bates	40,000	105,000	38%
Acoustical	Jerry Lilly	8,000	45,000	18%
Lighting	Milligan	2,000	10,000	20%
Traffic/SEPA	Parametrix	60,000	60,000	100%
Green	Hamasaki LEED review	35,000	165,000	21%
Roofing	Weatherholt	4,000	115,000	3%
Landscape	Nbbj	70,000	120,000	58%
Other	Plume studies; Security studies; Graelic Parking studies; models; data consultants	60,000	75,000	80%
Reimbursables	Printing Costs, Architect and Consultants Reimbursements (long distance travel etc)	45,000	225,000	20%
Survey	Parametrix	45,000	60,000	75%
Shoring Design	Geo Engineers or Kpff depending on soils, final site plan and shoring type	65,000	65,000	100%
Soils	Geo Engineers	20,000	210,000	10%
Other	Hayward Baker for ground improvements	22,000	80,000	28%
Permits	City of Olympia, State costs for SEPA Thurston County	350,000	1,750,000	20%
Tenant Programming Stacking	Karen Gunsul	175,000	800,000	22%
Tenant Engineering	University Mechanical, Cochran Electric	550,000	1,360,000	40%
Legal & Accounting	Fikso, Kretschmer Smith Dixon; Foster Pepper;	65,000	225,000	29%
Other	4 Culture (art program set up) Falkin Associates	10,000	100,000	10%
	Drawings Review for Bond Sale			
	SUBTOTAL	6,276,000	<i>61,098,000</i>	<i>10%</i>
	Project Contingency	700,000	7,200,000	10%
	TOTAL PRE-DEVELOPMENT BUDGET	6,976,000		

In addition there will be commitments made to purchase generators and potentially other equipment, which will not require any dollars expended, unless orders are cancelled.